Regulation 39-22-119. Child Care/Child Tax Credit.

- 1) Child Care/Child Tax Credit in tax years without excess revenues. For tax years beginning on or after January 1, 1996, resident individual taxpayers who claim the federal credit for child care expenses on their federal income tax return shall be allowed a credit against their Colorado income tax liability as follows:
 - a. A credit equal to 50% of the federal credit for taxpayers whose federal adjusted gross income is \$25,000 or less.
 - b. A credit equal to 30% of the federal credit for taxpayers whose federal adjusted gross income is between \$25,001 and \$35,000.
 - c. A credit equal to 10% of the federal credit for taxpayers whose federal adjusted gross income is between \$35,001 and \$60,000.
 - d. This credit cannot be claimed by taxpayers whose federal adjusted gross incomes exceeds of \$60,000, except to the extent allowed in subparagraph (2)(b), below.
- 2) Child Care/Child Tax Credit in Tax Years with Excess State Revenues. The child care/child tax credit described in paragraph (1), above, is expanded in two circumstances, each depending on whether state revenues exceed limitations on state fiscal year spending by amounts established in either 39-22-119(1.5) or (7)(a), C.R.S. In October or November of each year, the State will certify whether there are sufficient excess revenues to make either of these two expanded versions of the credit available. The child care credit of paragraph (1), above, is not available in tax years in which either expanded version child care credit of this paragraph (2) is available. See Regulation 39-22-120 for years in which the expanded credits are available.
- a. **Subsection 119(1.5) Expanded Child Care/Child Tax Credit.** Subject to there being sufficient excess revenues in the applicable tax year as set forth in 39-22-119(1.5), C.R.S., an expanded child care/child tax credit is available for income tax years beginning on or after January 1, 1998, as follows:
 - I. The greater of:
 - A. A child care/child tax credit of 50% of the credit claimed on the taxpayer's federal tax return, or
 - B. For resident individuals who claim the child tax credit on their federal income tax return, a credit equal to \$200 for each qualifying child who is 5 years of age or under at the end of the taxable year for which the credit is claimed.
- II. Resident individuals whose adjusted gross income exceeds \$60,000 are not allowed a credit pursuant to 39-22-119(1.5), C.R.S.
- **b. Subsection 119(5) Expanded Child Care/Child Tax Credit.** For tax years beginning on or after January 1, 2000, and subject to there being sufficient excess revenues in the

applicable tax year as set forth in 39-22-119(7)(a), C.R.S., the child care credit of subsection 119(1.5) and subsection 119(5) are combined, and allow:

- I. For taxpayers with federal adjusted gross incomes less than or equal to \$64,000, a child care credit equal to the greater of (A) or (B)(i) plus B(ii):
- (A) child care credit of 70% of the federal child care credit taken by the taxpayer, or
- (B) i) For a resident individual who claims the child tax credit on the federal income tax return, a credit equal to \$300 for each qualifying child who is 5 years of age or under at the end of the taxable year for which the credit is claimed, plus
- ii) For a resident individual licensed or legally exempt from licensing, who operates a family child care home and who claims a tax credit pursuant to section 24 of the Internal Revenue Code for one or more of the individuals qualifying children who are in full-time care or before-and-after school care in the family child care home, shall be allowed a child tax credit in the amount of \$300 for each qualifying child who is six years of age or older, but less than thirteen years of age.
- II. If Federal Adjusted Gross Income exceeds \$64,000 then no credit is available.
 - 3. Ages of children eligible for the child tax credits are based on the child's age at the end of the taxable year for which the credit is claimed. Ages of children eligible for the child care credit are determined in the same manner as determined for the federal child care credit.
 - 4. **Part-year residents.** A part-year Colorado resident is allowed only that portion of the Colorado child care credit and the family child care credit that is equal to the applicable credit multiplied by the ratio (not to exceed 100%) of the taxpayer's Colorado modified adjusted income over the taxpayer's entire federal modifie